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Attorneys for California Public Utilities Commission

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

In re	Case No. 01-30923 DM
PACIFIC GAS AND ELECTRIC COMPANY, a California corporation,	Chapter 11 Case
Debtor.	Date: [To Be Set] Time: [To be Set] Place: 235 Pine Street, 22 nd Floor, San Francisco, California
Federal I.D. No. 94-0742640	

**EX PARTE APPLICATION FOR ORDER
SHORTENING TIME FOR HEARING ON
CALIFORNIA PUBLIC UTILITIES COMMISSION'S
MOTION FOR AN ORDER REQUIRING THE DEBTOR TO (1) PAY
ALL AMOUNTS PAYABLE TO UBS WARBURG LLC, AS ARRANGER
OF THE FINANCING REQUIRED UNDER THE COMMISSION'S PLAN OF
REORGANIZATION FOR THE DEBTOR, AND (2) PROVIDE FINANCIAL AND
OTHER INFORMATION AND DUE DILIGENCE ACCESS TO UBS WARBURG LLC**

[SUPPORTING DECLARATION OF ALAN W. KORNBERG ATTACHED]

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I. Introduction

The California Public Utilities Commission (the “Commission”), by and through its undersigned counsel, moves this Court pursuant to Rule 9006-1 of the Bankruptcy Local Rules for the Northern District of California (the “Local Rules”) on an ex parte basis, for an order shortening time for hearing the Commission’s Motion for an Order Requiring the Debtor to (1) Pay All Amounts Payable to UBS Warburg LLC, as Arranger of the Financing Required Under the Commission’s Plan of Reorganization for the Debtor, and (2) Provide Financial and Other Information and Due Diligence Access to UBS Warburg LLC (the “Motion”).¹

By the Motion, the Commission seeks entry of an order, pursuant to sections 105(a), 363(b), 364, 503(b) and 1107(a) of title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.* (the “Bankruptcy Code”), requiring Pacific Gas & Electric Company (“PG&E” or the “Debtor”) (i) to pay the fees and expenses of UBS Warburg LLC (“UBS Warburg”), as financing and capital markets arranger of the financing required under the Commission’s Plan of Reorganization for PG&E, dated May 17, 2002 (the “Commission’s Plan”), on the terms and conditions set forth in that certain engagement letter between the Commission and UBS Warburg, dated as of June 10, 2002 (the “Engagement Letter”) (a copy of which is attached as Exhibit A to the Motion), and (ii) to provide financial and other information and due diligence access to UBS Warburg for use by UBS Warburg in arranging for the financing required under the Commission’s Plan.

Counsel for the Commission has discussed the Commission’s request to shorten time for a hearing on the Motion with counsel for PG&E; as of the date hereof, PG&E has not responded to the Commission’s request. Declaration of Alan W. Kornberg (the “Kornberg Decl.”) at ¶ 4. However, due to the exigencies of this case and the necessity for UBS Warburg to begin its work promptly, the Commission requests that the Court schedule a hearing on the Motion on July 22, 2002 at 1:30 p.m., a date and time during which the Court is already scheduled to hear matters in

¹ The Motion, Supporting Memorandum of Points and Authorities and the supporting Declarations of Alan W. Kornberg, Wesley M. Franklin, Skip Victor and Kenneth S. Crews are filed concurrently herewith.

1 this case.² In addition, by this Application, the Commission requests that objections to the
2 Motion, if any, be filed and served no later than July 9, 2002, with any reply by the Commission
3 to be filed no later than July 16, 2002.

4 **II. Good Cause Exists for Entering an Order Shortening Time**

5 Local Rule 9006-1 authorizes a party to seek an order shortening time for good cause.
6 Here, good cause exists for shortening time for a hearing on the Motion. As this Court is aware,
7 for the past several months PG&E has sought and received authority from this Court to expend
8 millions of dollars on pre-confirmation plan implementation expenses. The Commission also
9 must take certain steps in advance of confirmation to facilitate implementation of the
10 Commission's Plan and to ensure PG&E's prompt emergence from chapter 11. The primary
11 implementation expenses facing the Commission are the costs associated with raising the
12 financing required under the Commission's Plan. To that end, the Commission has entered into
13 the Engagement Letter with UBS Warburg pursuant to which UBS Warburg has agreed, subject
14 to certain conditions specified therein, to act as the Commission's financing and capital markets
15 arranger in connection with the debt and equity financing required under the Commission's Plan.
16 Given the lead time necessary for UBS Warburg to raise the financing required under the
17 Commission's Plan, it is imperative to ensure timely creditor recoveries and PG&E's prompt
18 emergence from chapter 11 that UBS Warburg begin working now.³

19 The relief sought in the Commission's Motion is necessary in view of the Commission's
20 inability for budgetary and other reasons to pay for the services to be performed by UBS
21 Warburg. UBS Warburg, understandably, will not begin working until this Court has authorized
22 the Debtor to pay UBS Warburg's fees and expenses under the Engagement Letter. With
23 confirmation fast approaching, and UBS Warburg needing sufficient lead time to perform the
24 tasks required of it under the Engagement Letter, the Engagement Letter provides that its

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26 ² A proposed order is attached hereto as Exhibit A.

27 ³ See Kornberg Decl. at ¶ 2.
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1 effectiveness is conditioned upon this Court's entry of an order approving the Motion on or
2 before July 10, 2002, unless extended by UBS Warburg in its sole discretion (UBS Warburg has
3 agreed to extend this date so that the Commission's Motion may be heard on July 22, 2002). *See*
4 Engagement Letter at Sec. 2; Kornberg Decl. at ¶ 2. Given the time needed to negotiate and
5 prepare the Engagement Letter and the Motion and to vet each with the Official Committee of
6 Unsecured Creditors appointed in this case, the Motion could not have been filed sooner than
7 today. In view of the foregoing, the full twenty-eight days' notice required under Local Rule
8 9014-1(c)(1) is not practicable.

9 The Commission respectfully submits that the relief requested herein will not materially
10 prejudice the Debtor or other interested parties. The Commission is requesting a hearing on the
11 Motion twenty-seven (27) days from today (only one day less than is required under Local Rule
12 9014-1(c)(1)) and is seeking to allow objectors the full fourteen (14) days to object to the Motion
13 by requesting that the Court set an objection deadline of July 9, 2002 on the Motion.

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III. Conclusion

For the foregoing reasons, the Court should enter an order shortening time for a hearing on the Commission's Motion, setting an objection deadline of July 9, 2002, a deadline for a reply brief of July 16, 2002 and a hearing on the Motion for July 22, 2002 at 1:30 p.m. or at such other time the Court deems convenient.

DATED: June 25, 2002

Respectfully submitted,

GARY M. COHEN
AROCLES AGUILAR
MICHAEL M. EDSON
CALIFORNIA PUBLIC UTILITIES COMMISSION

By: _____

-and-

ALAN W. KORNBERG
BRIAN S. HERMANN
MARC F SKAPOF
PAUL, WEISS, RIFKIND, WHARTON & GARRISON

Attorneys for the California Public Utilities Commission

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UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

In re

PACIFIC GAS AND ELECTRIC COMPANY,
a California corporation,

Debtor.

Federal I.D. No. 94-0742640

Case No. 01-30923 DM

Chapter 11 Case

Date: [To Be Set]

Time: [To Be Set]

Place: 235 Pine Street, 22nd Floor
San Francisco, California

DECLARATION OF ALAN W. KORNBERG

1 ALAN W. KORNBERG declares as follows under penalty of perjury:

2 1. I am a member of Paul, Weiss, Rifkind, Wharton & Garrison (“Paul, Weiss”),
3 counsel to the California Public Utilities Commission (the “Commission”) in the above-
4 captioned chapter 11 case. I have primary responsibility for Paul, Weiss’s representation of the
5 Commission in this case. I have personal knowledge of the facts stated herein except as to
6 matters stated upon information and belief, and as to those matters, I believe them to be true. If
7 called upon to testify, I could and would competently do so. I make this declaration in support of
8 the Commission’s Ex Parte Application (the “Application”) for an Order Shortening Time for
9 Hearing on the Commission’s Motion for an Order Requiring the Debtor to (1) Pay All Amounts
10 Payable to UBS Warburg LLC, as Arranger of the Financing Required Under the Commission’s
11 Plan of Reorganization for the Debtor, and (2) Provide Financial and Other Information and Due
12 Diligence Access to UBS Warburg LLC which is filed concurrently herewith.

13 2. The Commission requires that the Motion be heard as soon as practicable.
14 Although the Engagement Letter¹ has only recently been finalized, I am advised that the work to
15 be performed by UBS Warburg LLC (“UBS Warburg”) thereunder must begin promptly to
16 facilitate implementation of the Commission’s Plan and to ensure PG&E’s prompt emergence
17 from chapter 11. In addition, the Engagement Letter’s effectiveness is conditioned upon this
18 Court’s entry of an order approving the Commission’s Motion on or before July 10, 2002, unless
19 extended by UBS Warburg in its sole discretion (I understand that UBS Warburg has agreed to
20 extend this date so that the Commission’s Motion may be heard on July 22, 2002). In view of
21 the foregoing, it is necessary for the Commission to seek to shorten the time otherwise required
22 for a hearing on the Motion under Local Rule 9014-1(c)(1) by one (1) day.

23 3. I do not believe that the relief requested herein will prejudice the Debtor or other
24 interested parties. The Commission is requesting a hearing on the Motion twenty-seven (27)
25 days from today and is seeking to allow objectors the full fourteen (14) days to object to the

26 ¹ Capitalized terms used and not defined herein shall have the meanings ascribed to them in
27 the Motion.
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1 Motion, by requesting that the Court set an objection deadline of July 9, 2002 on the Motion.

2 Accordingly, the Commission's request to shorten notice will not affect the time to be afforded
3 interested parties to object to the Motion.

4 4. Prior to filing the Application my colleague, Brian S. Hermann, contacted counsel
5 for PG&E to inquire whether PG&E would consent to the relief sought therein. As of the date
6 hereof, Mr. Hermann had not received PG&E's response.

5. There have been no previous time modifications related to the Commission's Motion.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this ____th day of June 2002,
at New York, New York.

ALAN W. KORNBERG

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UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

In re	Case No. 01-30923 DM
PACIFIC GAS AND ELECTRIC COMPANY, a California corporation,	Chapter 11 Case
Debtor.	Date: [To Be Set] Time: [To be Set] Place: 235 Pine Street, 22 nd Floor, San Francisco, California
Federal I.D. No. 94-0742640	

**[PROPOSED] ORDER GRANTING EX PARTE APPLICATION
FOR ORDER SHORTENING TIME FOR HEARING ON CALIFORNIA
PUBLIC UTILITIES COMMISSION'S MOTION FOR AN ORDER REQUIRING
THE DEBTOR TO (1) PAY ALL AMOUNTS PAYABLE TO UBS WARBURG LLC, AS
ARRANGER OF THE FINANCING REQUIRED UNDER THE COMMISSION'S PLAN
OF REORGANIZATION FOR THE DEBTOR, AND (2) PROVIDE FINANCIAL AND
OTHER INFORMATION AND DUE DILIGENCE ACCESS TO UBS WARBURG LLC**

1 Based upon the Ex Parte Application (the "Application") for Order Shortening Time for
2 Hearing on the California Public Utilities Commission's (the "Commission") Motion for an
3 Order Requiring the Debtor to (1) Pay All Amounts Payable to UBS Warburg LLC, as Arranger
4 of the Financing Required Under the Commission's Plan of Reorganization for the Debtor, and
5 (2) Provide Financial and Other Information and Due Diligence Access to UBS Warburg LLC
6 (the "Motion"), and the Declaration of Alan W. Kornberg filed concurrently therewith, and the
7 Court having considered the evidence presented in connection therewith, and it appearing that
8 there are sufficient grounds to hear the Commission's Motion on shortened notice, and good
9 cause appearing therefor:

10 **IT IS HEREBY ORDERED THAT THE APPLICATION IS GRANTED;** and

11 **IT IS FURTHER ORDERED THAT** objections to the Commission's Motion must be
12 filed with the Bankruptcy Court and served on the Commission and its counsel and such other
13 parties upon whom service is required no later than 4:00 p.m. Pacific Time on July 9, 2002; and

14 **IT IS FURTHER ORDERED THAT** the Commission's reply brief, if any, must be
15 filed with the Bankruptcy Court and served on any objectors and their counsel and such other
16 persons upon whom service is required no later than 4:00 p.m. Pacific Time on July 16, 2002;
17 and

18 **IT IS FURTHER ORDERED THAT** the Commission's Motion will be heard on July
19 22, 2002 at 1:30 p.m. in the courtroom of the Honorable Dennis Montali, 235 Pine Street, 22nd
20 Floor, San Francisco, California.

21 Date: June __, 2002

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24 UNITED STATES BANKRUPTCY JUDGE